

Message Text

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COMUSJAPAN YOKOTA

C O N F I D E N T I A L TOKYO 10783

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, JA

SUBJECT: LOCKHEED DEVELOPMENTS

REF: TOKYO 10403

SUMMARY. HAVING COMPLETED THE INITIAL PHASE OF THEIR INVESTIGATIONS OF ALL NIPPON AIRWAYS (ANA) LAST WEEK, THE LOCKHEED INVESTIGATORS SWITCHED TO MARUBENI THIS WEEK AND ARRESTED ONE OF THE MOST PROMINENT BUSINESSMEN IN JAPAN, FORMER CHAIRMAN HIYAMA. HIYAMA IS SAID TO HAVE BEEN A CHANNEL FOR LOCKHEED'S BRIBES TO POLITICIANS. HIS ARREST ADDED FUEL TO RUMORS THAT FORMER PRIME MINISTER TANAKA COULD BE DIRECTLY IMPLICATED. ALTHOUGH UNSUBSTANTIATED SO FAR, THESE RUMORS HAVE ADDED TO MOUNTING EXPECTATIONS THAT MAJOR POLITICIANS WILL BE NAMED. END SUMMARY.

1. THIS WEEK THE MAIN FOCUS OF THE LOCKHEED INVESTIGATIONS SHIFTED FROM ANA TO THE MARUBENI CORPORATION, THE THIRD LARGEST OF JAPAN'S GIANT TRADING FIRMS. IN ORGANIZING ITS PAYOFF SYSTEM, LOCKHEED APPARENTLY SET UP THREE "ROUTES" BY WHICH ITS FUNDS ALLEGEDLY FLOWED TO OFFICIALS AND
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POLITICIANS. INVESTIGATORS SAY THAT ABOUT \$530,000 WENT

THROUGH ANA, ABOUT \$2 MILLION WENT THROUGH MARUBENI, AND ABOUT \$5.7 MILLION WERE DISTRIBUTED BY FIXER YOSHIO KODAMA. AS PREVIOUSLY REPORTED, FOUR ANA OFFICIALS HAVE BEEN ARRESTED ON CHARGES OF DIET PERJURY AND/OR FOREIGN EXCHANGE LAW VIOLATIONS, AND INVESTIGATORS ARE QUESTIONING THEM ABOUT WHO RECEIVED THE ANA PAYOFFS. HAVING SATISFACTORILY OPENED UP THE ANA ROUTE, THIS WEEK INVESTIGATORS STARTED IN ON THE MARUBENI ROUTE.

2. ON JULY 13 THEY ARRESTED THE FORMER CHAIRMAN OF MARUBENI, HIRO HIYAMA, ON FOREIGN EXCHANGE LAW VIOLATIONS. HIYAMA, SOMETIMES CALLED THE "MARUBENI POPE," IS A PROMINENT NAME IN JAPANESE CORPORATE CIRCLES; HE HAS HELD OFFICE IN KEIDANREN (FEDERATION OF ECONOMIC ORGANIZATIONS) AND OTHER LEADING BUSINESS GROUPS. HE IS SAID TO HAVE BEEN CLOSE TO SEVERAL LEADING LDP POLITICIANS. INVESTIGATORS SAY THEY FEEL HE PERSONALLY DIRECTED THE DISBURSAL OF MARUBENI PAYOFFS TO POLITICIANS. SINCE HIYAMA'S ARREST, POLITICAL AND JOURNALIST CIRCLES HAVE BEEN SPECULATING THAT THE FIRST EVIDENCE OF HIGH LEVEL POLITICAL INVOLVEMENT WILL SOON EMERGE.

3. ON JULY 10, JUSTICE MINISTER INABA TOLD REPORTERS THAT "THE HANDS OF INVESTIGATORS WILL SOON REACH MY FELLOW POLITICIANS" AND, USING SUMO WRESTLING TERMINOLOGY, HE SAID THAT THE INVESTIGATIONS WOULD NOT STOP AT LOW-RANKING CONTENDERS BUT WOULD, IF NECESSARY, INCLUDE GRAND CHAMPIONS. A DAY LATER, HE SAID THE NAMES OF OPPOSITION PARTY DIETMEN COULD ALSO EMERGE. INABA'S REMARKS NATURALLY EXCITED CONSIDERABLE CLAMOR IN THE DIET. THEY WERE FOLLOWED BY A JULY 14 STATEMENT BY THE CHIEF LOCKHEED INVESTIGATOR, CRIMINAL AFFAIRS BUREAU DIRECTOR YOSHIO YASUHARA, THAT FORMER PRIMIN TANAKA HAD MET LOCKHEED REPRESENTATIVE CARL KOTCHIAN THREE TIMES IN 1972, NOT ONLY ONCE AS TANAKA HAD CLAIMED. YASUHARA HASTILY RETRACTED THAT STATEMENT THE NEXT DAY AND ALSO DENIED RUMORS THAT HE WOULD SOON ARREST A "POWERFUL LDP POLITICIAN." ALSO ON JULY 14, INABA ANNOUNCED THAT PROSECUTORS WOULD INVESTIGATE TWO MEETINGS BETWEEN HIYAMA AND TANAKA IN THE FALL OF 1972. IN THE DIET JULY 15, PRIMIN MIKI STATED HE WOULD NOT COMPROMISE CONFIDENTIAL

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HIS PROMISE OF A THOROUGH AIRING OF THE CASE TO PROLONG THE LIFE OF HIS GOVERNMENT.

4. THE SURFACING OF TANAKA'S NAME, ALBEIT ONLY IN VAGUE WAYS, HAS CONSIDERABLY CHANGED THE ATMOSPHERICS OF THE LOCKHEED INVESTIGATIONS. RUMORS HAVE IT THAT TANAKA FRIEND AND FORMER LDP SEC GEN HASHIMOTO COLLECTED THE LOCKHEED MONEY FOR USE IN THE TANAKA FACTION'S ELECTION

CAMPAIGNS. SOME SUPPOSEDLY SHADY DEALINGS IN NIIGATA PREFECTURE BY A TANAKA REAL ESTATE COMPANY HAVE RESURFACED AWKWARDLY. A JSP DIETMAN HAS CHARGED THAT TANAKA CABINET MINISTER OF TRANSPORTATION, SABURO SASAKI, TOOK \$3,300 IN LOCKHEED FUNDS. AND THE JCP ORGAN, RED FLAG, DEVOTED HALF OF THE JULY 15 EDITION'S FRONT PAGE TO AN ARTICLE CHARGING THIRTY-SIX LDP, DSP AND JSP DIETMEN WITH RECEIVING LOCKHEED FUNDS.

5. IN ANOTHER ASPECT OF THE CASE, THE JAPAN SUPREME COURT ANNOUNCED JULY 14 THAT IT WOULD SOON SEND A REPRESENTATIVE TO MEET WITH US FEDERAL DISTRICT COURT JUDGE FERGUSON IN SAN FRANCISCO TO DISCUSS GUARANTEES OF IMMUNITY FOR THREE LOCKHEED OFFICIALS NOW TESTIFYING ON THEIR INVOLVEMENT IN THE PAYOFFS. PRESSURE IS MOUNTING STEADILY FOR ACCESS TO THE LOS ANGELES TESTIMONY.

6. COMMENT. THE SPATE OF ARRESTS IN RECENT WEEKS REPRESENTS A MARKED INCREASE IN THE TEMPO OF THE LOCKHEED INVESTIGATIONS. AT THE SAME TIME, JUXTAPOSITION IN THE MEDIA OF ATTENTION TO FORMER PRIME MINISTER TANAKA'S PAST CONNECTIONS AND OTHER STORIES SPECULATING ABOUT INVOLVEMENT OF FORMER CABINET MEMBERS HAS HEATED THE ATMOSPHERE AND CREATED A MOOD OF EXPECTATION THAT THE INVESTIGATORS WILL INDEED GET TO SOME BIG POLITICIANS, POSSIBLY EVEN TANAKA HIMSELF. THE CHANGE IN MOOD, HOWEVER, HAS BEEN INSPIRED MORE BY INNUENDO AND PRESS ACTIVITY THAN BY THE ADDITION OF ANY NEW INFORMATION ON WHICH EVENTUAL PROSECUTIONS MIGHT BE BASED.

7. HOW FAR THE INVESTIGATION WILL ULTIMATELY GO REMAINS UNCLEAR. JUDGMENTS IN TOKYO ON THIS SCORE ARE STILL MIXED. SUPPORTING ONE VIEW ARE SEPARATE REPORTS FROM
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HAVE HAD FROM TWO RESPECTED JOURNALISTS, BOTH TO THE EFFECT THAT THE GOVERNMENT HAS APPARENTLY GIVEN THE POLICE AND PROSECUTORS AN ENTIRELY FREE HAND IN THE INVESTIGATIONS. HOWEVER, WHILE A CATAclysmic LOCKHEED OUTCOME IS POSSIBLE, WE SHOULD REMEMBER THAT ALL OF JAPAN'S POLITICAL SCANDALS IN THIS CENTURY, DAMAGING THOUGH THEY MAY HAVE BEEN, WERE GENERALLY KEPT UNDER CONTROL.
HODGSON

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